

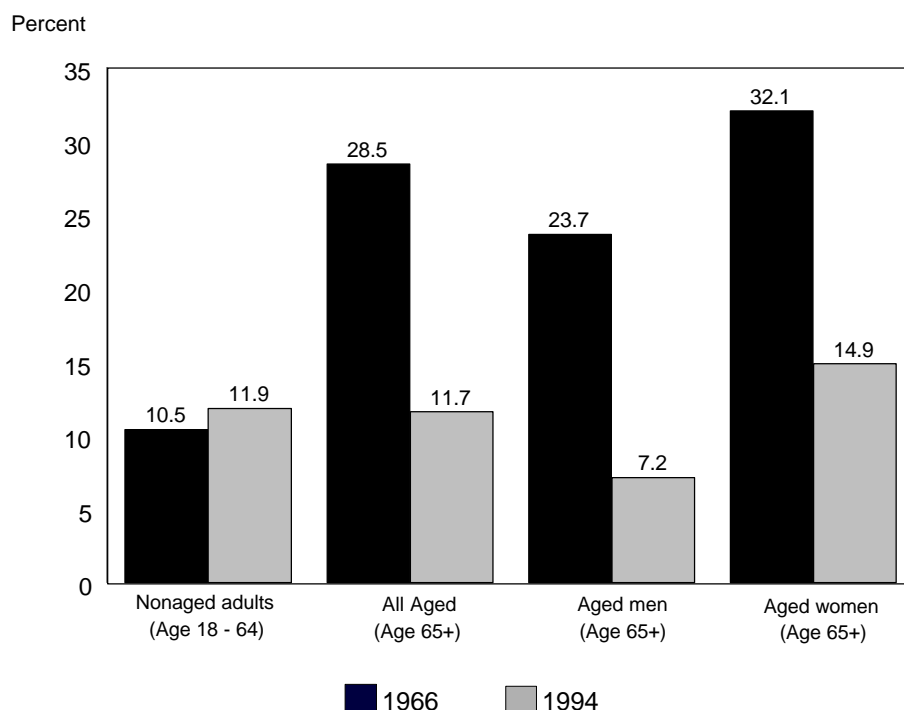
Poverty Among Older Women

Although there has been a substantial improvement in the economic status of the aged (people aged 65 or older) over the past 30 years because of the Social Security retirement program and Supplemental Security Income (SSI) system, the incidence of poverty among aged women remains disproportionately high. Among the elderly, women are twice as likely to be poor as are men, with 14.9 percent living in poverty in 1994, compared with only 7.2 percent of men (see figure). Elderly Black and Hispanic women are even more likely to be poor.

There are two types of explanations as to why the incidence of poverty is so high among aged women. One is living conditions or personal characteristics (e.g., advanced old age or living alone) that are associated with poverty. The other points to particular events that are linked to the onset of poverty later in life, such as earnings loss, widowhood, or declining health.

The authors of this report focused on the relationship between women's economic status earlier in life and their poverty status in old age to determine if poverty in old age is linked to conditions and events that occur earlier in life. This research examines the extent to which poverty among older women is the result of specific events that happen in old age or is more likely to be a continuation of earlier-life conditions. It is important to know the origins of poverty among elderly women so that appropriate policies can be formulated to help them.

Percentage of persons in poverty, by age and sex, 1966 and 1994



Source: Choudhury, S. and Leonasio, M.V., 1997, *Life-cycle aspects of poverty among older women*, *Social Security Bulletin* 60(2):17-36.

The data used in this study are from the National Longitudinal Survey of Mature Women (NLSMW), which is conducted by the Bureau of Labor Statistics. This survey has been collecting data on the economic lives of 5,000 American women for over three decades. The sample was chosen to be representative of the civilian, noninstitutionalized population, although Black women were oversampled to make valid statistical inferences in instances of different experiences and outcomes for Whites and Blacks. The first interview took place in 1967 when the participants were aged 30-44. Over the next 25 years, the participants were interviewed 16 times, 9 of which were in-person interviews. By 1992, the 3,000 women who remained in the survey were

aged 55-69. These longitudinal data provide a detailed look at the economic status of women born between 1923 and 1937 and show how earlier life circumstances can influence women's economic status in old age.

The study focused on the correlates and determinants of poverty for women who have reached age 62—defined here as the beginning of old age. Long-term poverty experiences of middle-aged women are likely to be linked to their economic status in old age.

To assess the economic status of the NLSMW participants in various years, annual family income (including food stamp income) was divided by the

Correlates of old-age poverty among women, by age group, 1991-92

Characteristic	Aged 55-61		Aged 62-69	
	Poor and near poor (IPR ¹ <1.25)	All others (IPR ¹ ≥1.25)	Poor and near poor (IPR ¹ <1.25)	All others (IPR ¹ ≥1.25)
Sample size	248	754	267	716
Total percent	100	100	100	100
Education (years in school)				
0 - 8	25.6	4.7	36.2	9.2
9 - 12	64.6	60.8	54.5	61.9
13 - 16	8.1	28.4	7.5	23.7
17 or more	(2)	6.2	(2)	5.2
Health				
Excellent/good	53.0	81.7	50.0	74.4
Fair/poor	47.0	18.4	50.0	25.7
Marital status				
Married/spouse present	39.9	71.3	26.1	59.5
Widowed	23.4	10.2	46.2	28.9
Divorced	20.7	13.6	19.5	7.4
Separated	7.6	1.8	3.3	1.1
Never married	8.0	3.1	4.8	3.2
Region				
South	46.6	29.7	47.1	31.5
Nonsouth	53.5	70.3	52.9	68.5
Race				
White	64.5	91.9	77.5	93.8
Non-White	35.5	8.1	22.5	6.2
Pension receipt ³				
Yes	15.5	35.9	24.5	56.3
No	84.5	64.1	75.5	43.8
Living arrangement ⁴				
Alone	39.3	18.2	17.1	11.4
With spouse	39.9	71.3	26.1	59.5
Other	20.8	10.5	56.9	29.2
Number of children ⁵				
None	8.8	8.6	13.5	10.2
1 - 2	27.2	28.4	26.4	31.8
3 - 4	29.1	41.6	27.1	38.9
5 or more	35.0	21.4	33.0	19.1

¹Income-to-poverty ratio.

²Fewer than 10 unweighted cases.

³Includes sources such as income from private employers, unions, military, and all levels of government as well as from IRA and Keogh plans.

⁴Those living with spouse may live in households with additional members.

⁵This was asked in 1977. In a 1982 question on additional children born in the past 5 years, only 12 women responded in the affirmative.

Note: Percentages are computed using National Longitudinal Survey of Mature Women (NLSMW) weights. Poverty status is determined as of the 1992 interview. The IPR for those who are poor and near poor is <1.25 and for all others, it is ≥1.25. The sample size represents the unweighted cases. The sample consists of observations of 1991-92 survey respondents who report complete income information. Table entries represent the percent of the poor and near poor/all others in the two age groups who have the listed characteristics. Column sums for each variable for each age group may not add to 100 percent due to rounding.

Source: Choudhury, S. and Leonesio, M.V., 1997, *Life-cycle aspects of poverty among older women*, *Social Security Bulletin* 60(2):17-36.

relevant poverty threshold to compute income-to-poverty ratios (IPRs) for particular survey years. Women are considered poor if their IPR is less than 1 and near-poor if their IPR is greater than or equal to 1 and less than 1.25.

A large portion of the income of the lower income elderly is made up of Social Security and other public transfer programs such as SSI and food stamps. For the poor and near-poor groups of women aged 62 or older, Social Security and other government cash transfers made up 80 percent of family income in 1991-92 but only 33 percent of total income for all other women (who have an IPR greater than or equal to 1.25).

Economic status is predictably correlated with certain characteristics of individuals and their families (see table). Being poor or near-poor is positively correlated with lower levels of education, poorer health, being unmarried, being non-White, living in the South, having little private pension income, living alone, and having five or more children. Married couples are considerably less likely to be poor than are unmarried individuals. Over 60 percent of older Black women experienced at least one spell of poverty, compared with 26 percent of White women. The likelihood that a woman will endure a poverty spell over her life cycle increased with the number of children. Attaining 8 years or less of schooling is strongly associated with one or more poverty spells. Women who report 2 years or less of labor market activity during the survey period face a 40-percent chance of being poor one or more times.

Women's economic histories strongly predict their financial circumstances at age 62 or older. Three of four women who were poor in 1991-92 had earlier documented poverty spells; whereas, only 4 percent of women who had never experienced poverty were poor in 1991-92. Of women who had earlier been predominantly poor, 60 percent were still poor in 1991-92.

Traumatic events might be expected to worsen the economic status of women and lead to poverty by age 62 or older. For her or her husband, these events include a major health problem, the involuntary loss of income, or a loss of earnings because of retirement. It was found that traumatic events that happen in old age are sometimes associated with poverty among aged women, particularly those who are ill-prepared to finance retirement and slip into poverty when additional adverse circumstances take place. Unlike divorce, widowhood, or poor health, retirement is considered to be a voluntary act and was found to be an unreliable indicator of subsequent poverty.

Education and total number of children were found to have a large influence on being poor prior to reaching age 62, as were race and marital history. In general, earlier-life conditions appear to be strong precursors of poverty status in old age, with later-life events having much less influence. Whether or not women enter poverty because of adverse later-life events depends on their economic resources just before the event. For many women, widowhood and divorce bring about economic hardship, but for most older women, these types of traumatic events do not appear to bring about poverty spells.

Policymakers who deal with programs intended to alleviate poverty among aged women can benefit from these findings. Since old-age poverty was found to be strongly linked to financial status over many years earlier in life, three strategies are suggested:

- Reform Social Security to alter the link between program benefits that women receive and earlier-life earnings, placing more emphasis on benefit adequacy. This type of policy change would include establishing a minimum benefit at or near the poverty thresholds or assigning higher weight to low earnings in determining an individual's benefit amount.
- Increase older women's income directly by increased public transfers through programs such as Supplemental Security Income.
- Target specific groups of women thought to be particularly vulnerable in old age, such as widows and single older women or women aged 80 or older. Automatic increases in monthly benefit amounts, elimination of the widow's limit, or a cost-neutral shift of benefits from married couples to survivors are examples of policy changes. However, the strong link between earlier-life economic status and eventual poverty status in old age suggests policies that increase the income-generating capacity of women earlier in their lives. These types of policies might have beneficial effects that last into the retirement years.

Source: Choudhury, S. and Leonesio, M.V., 1997, Life-cycle aspects of poverty among older women, *Social Security Bulletin* 60(2):17-36.